

**Testimony by the Michigan Dairy Food Association, Michigan Sugar Company and  
Michigan Propane Gas Association  
Before the  
Senate Economic Development and Regulatory Reform Committee  
February 22, 2008  
on  
Scrape Metal Dealers Record Requirements-Scrape Metal Theft**

My name is Christian H. Kindsvatter of Kindsvatter & Associates, Inc., a Lansing based legislative affairs and management firm representing the Michigan Dairy Food Association (MDFA) - comprise of 12 dairy processing companies throughout the state with such companies as Dean Foods, Country Fresh and Quality Dairy; Michigan Sugar Company, a 102 year old grower operated sugar beet processor, headquartered in Bay City. They produce sugar and related produced for individual brand sugars in retail stores and market the popular Big Chief and Pioneer Sugar products. Michigan Sugar is comprised of 4 factories in 3 rural communities with 15 remote piling stations: Michigan Propane Gas Association (MPGA) representative of 217 companies operating 256 propane plants in 78 of the 83 counties in Michigan.

All three organization members are facing today, in Michigan economic position, the same concerns and problems relative to the theft of not only metal but of copper, steel, plastic and aluminum.

As background, in 2003 and 2004 there was a growing concern of retailers and MDFA members in the promotion in the southeast Michigan area by plastic recyclers of placing a bounty on obtaining plastic milk crates from retail stores or manufacturers. This had lead to theft of hundreds of thousand crates. This eventually lead to several sting operation by law enforcement in Southeast Michigan to catch both the metal processor and the person who possessed the metal and plastic products. Private investigators have been used by area retailers to track the thieves to the source of the recycler and arrests were made by police.

An outcome of that operation and the continued theft and processing of hundreds of thousand metal and plastic carts and other metals lead to the legislation signed by the Governor on December 31, 2006 as PA 675 and 594. These Public Acts were aimed at those casual junk and scrape dealers that operate on the "fringe" and are buying not only metal bossies and plastic milk cases but many other items that are "fenced" through that type of business. Although the act has been in effect for only one year, there continues to be an increase in the theft of not only metal bossie carts (see attached) and plastic milk containers but of propane copper piping and metal tanks, agriculture irrigation piping and even the cabling of processing equipment at processing piling sites. All three associations/industries are now trying to obtain a specific dollar impact and will report to the committee as soon as all the dollar data is obtained.

As examples: Several propane marketers experienced putting in a piping and tank system one day at a new house location and finding the next day when they went to fill the tank

that it was missing and so was the underground piping. Dairy processors have millions of dollars invested in metal bossie carts and plastic milk carts for distribution of there product to local retailers. In one dramatic case, the thieves used a crane truck to reach over the fenced in area to obtain the bossie carts and plastic and metal cases. At several Michigan Sugar piling plants, the employees arrived the next day to continue to process sugar beets only to find the cabling ( approximately 1 inch thick and 150 feet long were gone and section of the metal conveyor belt equipment missing structural parts, closing that operation until replacement parts were obtained.

The legislation before the committee today deals with the metals but does not cover those plastic items that can be reduced quickly to a non identifiable product. There are many approaches in all the legislation to focus on reducing the theft of these metals, plastic and aluminum but at a tremendous burden to the scrap dealers and local law enforcement.

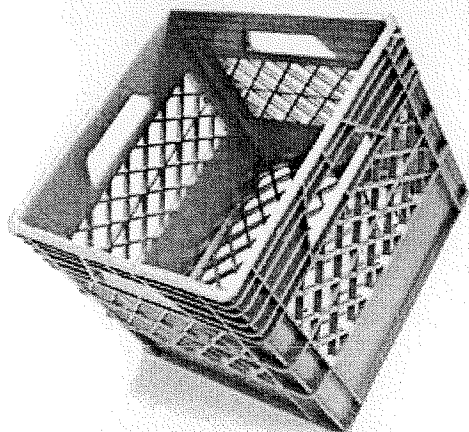
It is our understanding that this committee will be involved in bringing all affected parties together to analysis not only the problem but a workable solution to this growing problem. The Michigan Dairy Food Association, Michigan Propane Gas Association and Michigan Sugar Company want to be involved in that process for workable solutions to reduce this business lost and increased cost to the consumer for purchased products.



stainless steel carts for ice cream and novelty items

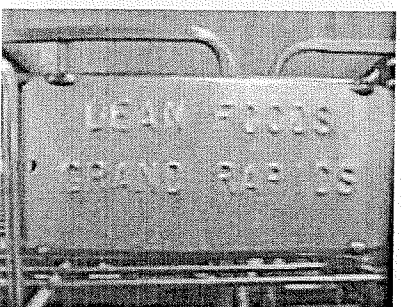
plastic milk cases

stainless steel bossies and merchandising carts



# Dairy Container

Dairy containers (plastic milk cases, stainless steel carts, bossies, etc.) are necessary to deliver products to our consumers. They are integral to our production and distribution system, and without them, we cannot operate. Over the past 18 months, we have seen a considerable increase in the loss of both plastic cases and stainless steel carts. Through surveillance efforts, we have witnessed thefts occurring at store level with individuals taking these containers to various scrap yards. We are greatly concerned about this activity, not only because of the extreme costs involved, but also the accelerated pace at which the activity appears to be growing. Our goal is to educate everyone and heighten their awareness to recognize these items must be treated as valuable stolen assets and not accepted as scrap.



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